LIQWID®

MAKING SOMETHING FROM NOTHING®

TECHNOLOGY OVERVIEW

SUMMARY

LIQWID® is the first responsive HTML5 ad delivery platform allows a single ad unit to adapt instantly to any website space or size across all devices including mobile. Liqwid Ad Technology™ services radically increase the targeting and accuracy of ad deliveries with innovations like local dayparting and Viewer Directed Placement™. Liqwid clients enjoy a significant reduction in cost and effort to generate and manage creative materials be it text, images, video, social media, games, e-commerce, or apps. The technology also increases advertising revenues by monetizing space outside the content area without disrupting the viewer experience.

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About LeftsnRights, Inc.

Nikolai Mentchoukov and Jim Rowan founded LeftsnRights, Inc. in 2010. The company's product is the Liqwid® ad delivery platform that scales art and media in Flash or HTML5. Liqwid Ads™ fit any fixed or dynamically created space including the usually unmonetized space outside of a content page, and simultaneously deliver them to desktops and mobile devices. Among the innovations featured by Liqwid Ad Technology™ are Viewer-Directed Placement™ methodology and local dayparting that radically enhances the accuracy of measurable deliverables and scheduling. The company has offices in Salt Lake City, UT and Nevada. For more information about Liqwid technology, contact 800-870-5006 or visit www.liqwid.com. The company's Twitter feed is @LiqwidAdTech (#liqwidads).

CONCEPT

Until now, online Ads were limited to fixed standard sizes and functionality.

THE CURRENT MARKET

The existing infrastructure on the market is based on the concept of website publishers using standard ad sizes so that advertisers and agencies can create ads of those specific sizes to run on different websites and devices. Today there are 15 IAB (Internet Advertising Bureau)[1] standard website ad sizes and 60 standard sizes for mobile devices currently in use in the marketplace; although the Mobile Marketing Association (MMA) is trying to pair it down to six[2].

The process of replicating one message to fit the many fixed-size ad placements that may be needed for any single campaign available on the market is expensive for advertisers. The sizes of ads on smaller mobile devices are difficult for many buyers to accept.

For publishers, managing multiple sizes of ad placements can be cumbersome. In regards to web design, working with standard-sized ads restricts creativity. Ads may also be less effective than they could be if they were able to take an inspired size and placement within the content of the page, based on the unique layout and content of each site environment where they appear.

As the number of devices on the market has increased, so has the complexity of online content creation and ad delivery. Website publishers are dealing with an audience that is more diversified with an ever-increasing number and variety of web-enabled devices, each with their own screen formats, resolutions, and operating systems. While emerging responsive websites provide consistent device-optimized content, delivering many fixed-width ad sizes across devices has remained complicated and rigid.

Most ad servers used today use a server-side ad rotation process. They work by assigning a list of ads to be delivered to a specific website or page location, but use a server-side process for controlling the rotation and distribution of their advertisements across a group of sites. This means that the server counts an ad as a delivered ad, before it has actually had the chance to be delivered to a website or page. When clicks occur on any ad, which is of course a viewer and device initiated action, they are being compared to a server-side ad impression count, meaning that

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[1] IAB.com, *International Advertising Bureau Display Advertising Guidelines*, released Feb 26, 2012 (http://www.iab.net/guidelines/508676/508767/displayguidelines)

[2] Garry Siler, *Mobile Marketing Association Makes it Easier to Buy Mobile Ads on Smartphone and Tablet*, Mobile Marketing Association, Dec 14, 2011 (http://www.mmaglobal.com/node/18899)

click rate as it is used on the market today has very meaning since it does not count impressions delivered to the actual device.

Since Internet content is delivered on-demand, Internet users request different content pages at different times of day in different time zones in a different and unscheduled order. Ads are delivered according to the ad server's time regardless of the local time zone of the user, skewing reports for traffic within any day since any 24-hour period in one time zone represents three different days in time zones across the world.
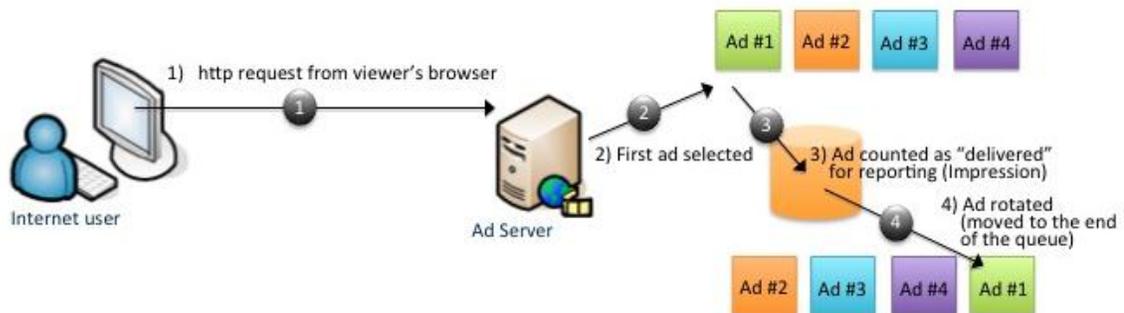
THE NEW MARKET

Liqwid is the first company to introduce the technological infrastructure to deliver reactive HTML5 advertising, which is based on an alternative concept of how ad placements are defined on publisher sites and how advertiser message are created and delivered to those placements.

Liqwid's technology 'breaks the box' of old ad formats. HTML5 ads are not files and do not have fixed sizes. They also do not have to be delivered to any specific size of ad space. Liqwid Ads are responsive; elements (logos, images, text) change size and or position to fit any ad space. Publishers can define any size of ad space and ads assigned will scale to fit that space in a predictable way to fit.

Instead of creating multiple ads for each online campaign, advertisers can create just one HTML5 Ad to run on all sites and devices. The technology is flexible; any creative using HTML5, flash and regular HTML ads can be scheduled and delivered to compatible devices.
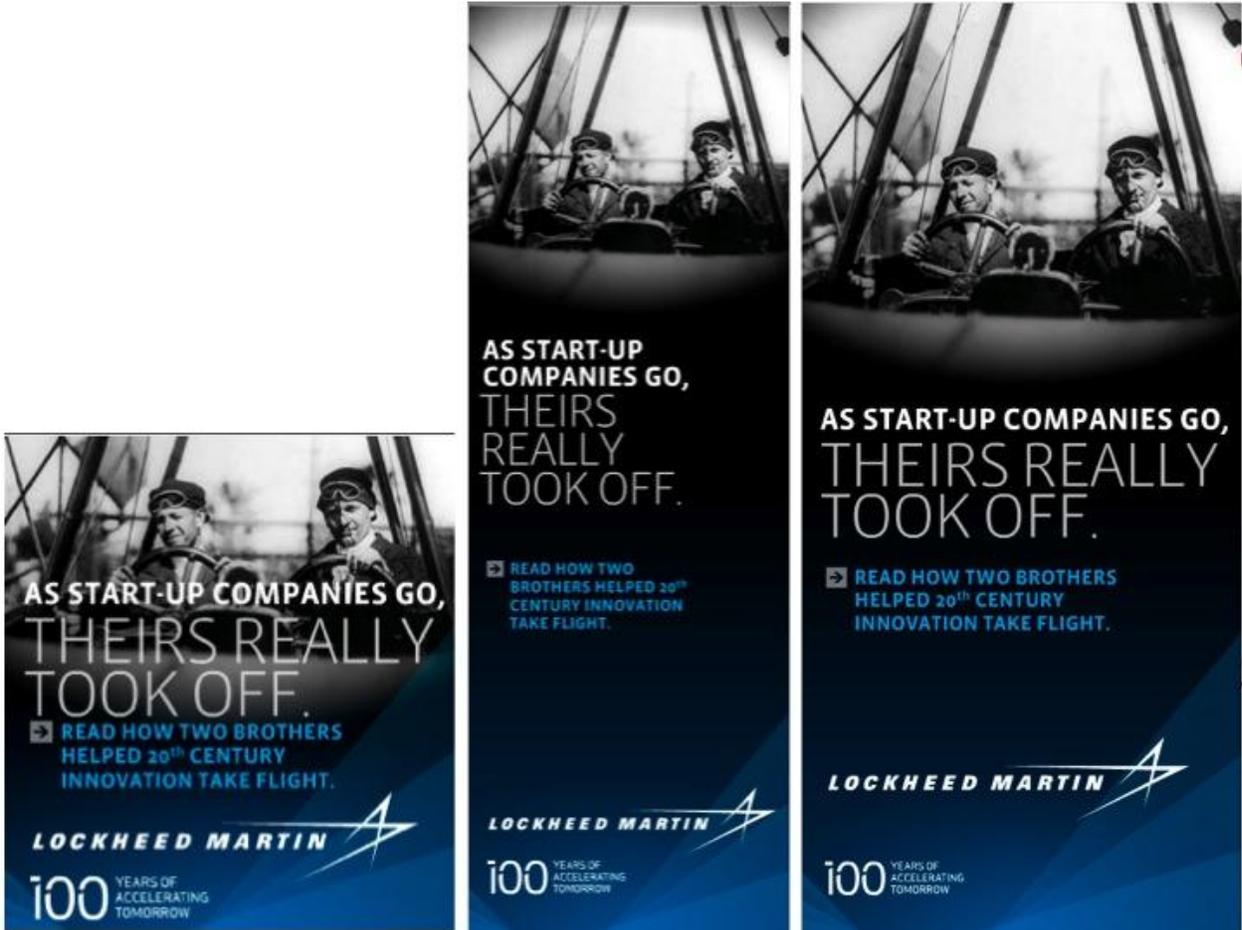
> Responsive sites can now place responsive ads that will function along with the repositioning content to optimize automatically across platforms and devices.

HTML5 is open-source; developers, multimedia enthusiasts and creative talents can always contribute to the evolving global and universal ad unit. By enabling the delivery of HTML5 ads, online brand advertising is now transformed from a limited standard-sized box of media-file creative with a single click-through option, into a sort of parallel website into which content can be loaded from any webserver regardless of its domain, including fixed graphics, video, social media, games, e-commerce and apps[3,4,5].

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[3] Wikipedia, *HTML5* (http://en.wikipedia.org/wiki/HTML5)

[4] OneExtraPixel.com, *HTML5 Ads - the Burgeoning Power in the Ad Industry* (http://www.onextrapixel.com/2012/02/01/html5-ads-the-burgeoning-power-in-the-ad-industry/)

DELIVERY

Technology that powers Viewer-Directed Placement causes receiving devices to become an extension of the ad serving process. When an internet viewer visits a Liqwid-enabled site, Liqwid Ad services passes to the device a list of ads assigned to the site being visited, creating a device-side ad rotation queue. From there Liqwid proprietary software compares the list of ads previously delivered to that device with the list of ads being requested, weighs campaign conditions such as geographical, time, frequency, targeting, and delivers the ad content accordingly.

This allows TV-like ad rotation and scheduling control where all viewers see the same ads in the same order regardless of the specific websites visited or time of day when they are visited.
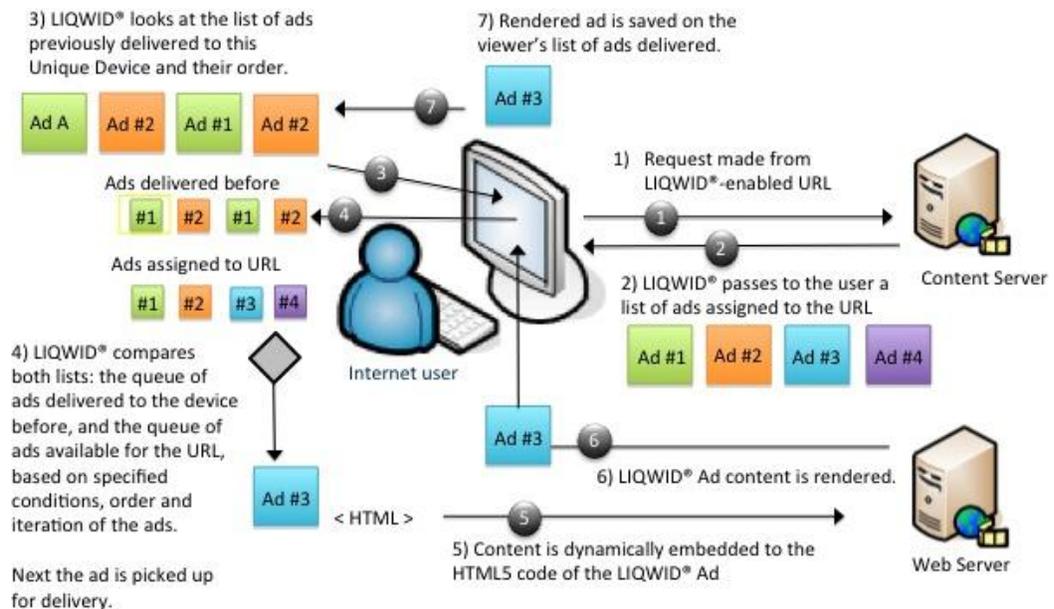
This process also creates a viewer device-initiated Liqwid exposure each time an ad is delivered to a unique device. Liqwid ads are counted the moment they are rendered on the site at a specific minimum size. Ads delivered outside the content areas are always 100% in view and above the fold. Ads delivered inside the content area are only charged for when they are at least 50% in-view or when they fit the minimum size assigned, which ever is larger.

Time targeting options include using the viewer's time to create local prime-time targeting or local dayparting. Instead of reporting time according to the local time of the server as is done on most systems, Liqwid uses the device time to correlate

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[5]Matthew James Taylor Blog, *Responsive Banner Ads with HTML5 and CSS3* (http://matthewjamestaylor.com/blog/responsive-banner-ads)

targeted delivery according to the viewer's local time zone. An ad campaign that runs internationally but that is set to Viewer's Time and scheduled for noon to 6pm will deliver ads from noon to 6pm local time for ad viewers around the world.

Correlating Unique Device IDs with census bureau data allows Census Based Reach and Frequency enables Liqwid software to make the appropriate calculation for online Gross Rating Points.

VALUE

Liqwid's HTML5 distribution technology simplifies the way web publishers, ad agencies and brand advertisers deliver ad creatives. It scales art and media to fit any fixed or dynamically created space on any web or mobile property, which means a huge cost and effort savings for both advertiser and publisher.

Return on investment for advertisers are higher because ads can be set always above the fold and always in view and transactional metrics are viewer-initiated, ensuring that every exposure paid for results in a rendered and viewable ad. Agencies can do more with less; gaining ultimate ad design creativity and advertising buy specificity. Publishers are free to create whatever ad space best fits their creative layout and design and have the opportunity to create immediate new advertising inventory without redesigning any page, interrupting any program, or interfering with any content.

There's a significant reduction in terms of cost and effort to generate and upload and manage creatives, but Liqwid also increases potential advertising revenues by enabling ads in the typically unmonetized sidebar space outside the web content page. Adding an HTML5 extension to the page, new dynamic ad inventory is created to which Liqwid Ads can be delivered.

This space outside the web content page is variable, always changing based on the width of the website content, resolution of the device, and width of the screen. Some companies deliver static "skins" or "wallpapers" to this variable space with a variety of results. Ads can be cropped, scrolled past, pixelated and sometimes are not clickable. Others place standard sized ads in the outside space, leaving large white spaces around the ads, giving he effect that they are floating in some alternate dimension. Or ads are designed with minimum width specs so that they are optimized for the smallest screens, which again still results in unused empty space, not to mention a less than optimum layout on larger screens.

> LIQWID ADS™ FILL THE EMPTY SPACE PERFECTLY FROM THE EDGE OF THE CONTENT AREA TO THE EDGE OF THE BROWSER WINDOW, OR TO THE EDGE OF THE SCREEN.

The ability to deliver ads as HTML5 independent web content, that can be optimized for search ranking can extend the life of any campaign creates another new market

for global online advertising. This is similar to the idea of running a full-page print ad in a magazine versus printing that same full-page ad as single-page flier. HTML5 Ads can be distributed on specific websites through the Liqwid delivery system, or the same ad can run as independent content with a unique ad URL.

By including meta-tags for associating keywords to specific HTML5 content, they become searchable ad content that would gain higher organic placement in search engine results than regular websites since they are more specific than an entire website. Liqwid campaigns that run meta-tagged HTML5 ads on a specific publisher site would be driving traffic in three ways:

1. From the publisher to the ad to the brand.
2. From the search engine to the ad t the brand.
3. From the search engine to the ad to the publisher.

IMPACT

The need for HTML5 ads is aligned with the interests of website publishers who need to monetize responsive, cross-platform sites and advertisers who need to reach audiences with the most impactful and creative messaging possible. It is also key to the future of devices, internet browsers and website design and development[6, 7].

Mobile devices cannot run flash ads and many are aware that Apple famously announced it would no longer support flash across any of its devices in April of 2010[8]. About 60% of all internet browsers are compatible with HTML5[9]. In December 2012, IE10 was released which not only does not have Flash operational,

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[6] World Wide Web Consortium (W3C), *HTML5 Definition Complete, W3C Moves to Interoperability Testing and Performance* (http://www.w3.org/News/2012.html#entry-9667)

[7] HTM5 Rocks, *A Resource for Open Web HTML5 Developers* (http://www.html5rocks.com)

[8]Steve Jobs, *Thoughts on Flash*, Apple Hot News, Apr 2010 (http://www.apple.com/hotnews/thoughts-on-flash/)

[9] Jan Ozer, *Stat of the Week: HTML5 Desktop Market Share at 58.1%*, Streaming Learning Center, Nov 20, 2011 (http://www.streaminglearningcenter.com/articles/stat-of-the-week-html5-desktop-market-share-at-581-max.html)

it does not even allow for downloading and installation of Flash based on the default browser settings, except for specified (by Microsoft) domains[10, 11].

Viewer-Directed Placement allows delivered ads to be counted using viewer device-initiated Liqwid exposures, ensuring that every ad exposure paid for results in an ad delivered according to developing new industry standards[12]. An ad exposure is not counted until after an ad is delivered to the page that meets a minimum size, or is at least 50% in-view.

By using the device as part of the ad delivery process the device/system time or Viewer's Time can be used targeting audiences at specific local times enabling local dayparting. Prime-time targeting can now be used and peak days and times for attaining the greatest reach, clicks or conversion on any site can be determined and used for campaign optimization.

Our publishers are generating new revenue. Agencies are delivering more value for less cost. Advertisers are increasing effective reach and their return on investment.

Liqwid offers an alternative technological infrastructure for online advertising delivery that that scales art and media to fit any fixed or dynamically created space on any web or mobile property, including responsive sites. It creates new markets of HTML5 ad space outside the web content page and as impendent, searchable ad content creating opportunity for industry players including brand advertisers, advertising agencies, website publishers and developers.

CONTACT INFORMATION

Regarding questions about this document, visit www.liqwid.com or call 800-870-5006. The company's Twitter feed is @LiqwidAdTech (#liqwidads)

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[10]Martin Brinkman, *Add Internet Explorer 10 Flash Support for any Domain on Windows 8*, BetaNews, November 2012 (http://betanews.com/2012/11/06/add-internet-explorer-10-flash-support-for-any-domain-on-windows-8/)

[11] Wikipedia, *Internet Explorer 10* (http://en.wikipedia.org/wiki/Internet_Explorer_10)

[12]IAB.com, International Advertising Bureau, *Making Measurement Make Sense (3MS)*, http://www.iab.net/mmms

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11. Wikipedia, *Internet Explorer 10* (http://en.wikipedia.org/wiki/Internet_Explorer_10)

12. IAB.com, *International Advertising Bureau, Making Measurement Make Sense (3MS)*, http://www.iab.net/mmms